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September 30, 1997

Ex Parte Filing

William F. Caton, Secretary
Federal Communications Commission
1919 M Street, N.W., Room 222
Washington, D.C. 20554

In re Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, **CC Docket No. 96-128**

Dear Mr. Caton:

Enclosed for filing in this docket are the original and one copy of a letter to John Muleta. I sent this letter to Mr. Muleta today on behalf of the LEC ANI Coalition. I would ask that you include the letter in the record of this proceeding in compliance with 47 C.F.R. § 1.1206(a)(2).

If you have any questions concerning this matter, please contact me at (202) 326-7902. Thank you for your consideration.

Yours sincerely,

Michael K. Kellogg

Michael K. Kellogg

Enclosure

cc: John Muleta
Al Barna
Rose Crellin
Greg Lipscomb
Jennifer Myers
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September 30, 1997

By Hand

John B. Muleta, Esquire
Acting Deputy Chief
Common Carrier Bureau
Federal Communications Commission
1919 M Street, N.W., Room 500
Washington, D.C. 20554

In re Matter of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996, **CC Docket No. 96-128**

Dear John:

On behalf of the LEC ANI Coalition (which consists of all the RBOCs, GTE, and SNET), I write to propose an interim resolution of the current issues regarding the provision of payphone-specific identification digits.

It is my understanding that the Commission anticipates issuing a separate order (after it addresses the per-call compensation issue) to address the requirements of paragraph 64 of the Reconsideration Order and, in particular, to investigate how the requirements of that paragraph can be timely met in a cost-effective manner. The issues are technically complex, and the potential impact on the industry -- in terms of cost and network modifications -- is extensive. Accordingly, we believe that the Commission would be wise to address these issues, based on a full record, in a separate order.

The Coalition recognizes, however, that certain carriers wish to receive such digits for per-call compensation purposes (in particular, to facilitate blocking), and will wish to receive them even before the new proceeding on coding digits is completed and the FCC's new rules are implemented. We are writing this letter to address what should happen during that interim period.

Payphones attached to so-called "smart" lines (i.e., coin lines) already transmit unique coding digits ("27"). We estimate that these are 60% of all existing payphones. Accordingly, carriers will receive, no matter what, payphone-specific coding digits on calls from 60% of all payphones.

The remaining 40% of payphones are attached to so-called dumb lines (COCOT, PAL or "restricted lines"). These lines transmit "07" coding digits, which are shared, not just by payphones, but also by hotel phones and other phones using restricted lines. To address the issue of restricted lines, Coalition members are willing to undertake certain interim obligations, like those set out in our offers to AT&T and MCI, to ensure the smooth transition to per-call compensation.

First, Ameritech, Bell Atlantic (South), BellSouth, Pacific Bell, Nevada Bell, and Southwestern Bell Telephone Company would undertake to make payphone-specific identification digits ubiquitously available through Flex ANI (at no cost to interexchange carriers) on an expedited basis. While the software for this feature is currently installed in a majority of switches belonging to these companies, they must load the software in any switches that do not have it, and perform the extensive provisioning, translations, and trunk conditioning work that must be completed for Flex ANI to be implemented. Nonetheless, they believe that they can complete the process for switches serving about 20 percent of their lines by the end of November, 1997, 50 percent by the end of January, 1998, 75 percent by the end of March, 1998, and complete the process by the middle of April, 1998.[1] We should point out that, for many companies, the schedule assumes that *all* interexchange carriers demand the provision of Flex ANI. In the event that many carriers do not request the service -- a likely event given that only three have expressed interest thus far -- many companies would be able to expedite the process further, by as much one or two months.[2] In any event, each company will work diligently to

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[1]One Coalition member reports that it may have some isolated switches which are scheduled for replacement. Those switches would not be converted to Flex ANI until replacement occurs by the second quarter of 1998.

[2]We should note that it is important that Flex ANI be provisioned on a carrier-by-carrier basis (or, if provisioned on a "flash-cut" basis, that all carriers be warned and given the ability to opt out). As explained in greater detail earlier, providing Flex ANI to carriers that are not prepared to receive additional coding digits could cause them to "drop" any calls

achieve ubiquitous deployment ahead of this schedule, and each will send to you, under separate cover, a specific time schedule setting forth anticipated completion dates.

Consistent with the Commission's direction that the provision of payphone identification digits be made "available to PSPs" on "a tariffed basis," Recon. Order, 11 FCC Rcd at 21266, ¶ 64, the above-listed companies also will submit to the Common Carrier Bureau's Competitive Pricing Division non-discriminatory federal tariffs or assessments relating to the coding digits. Apart from statements in the payphone orders, however, the Commission's rules do not currently allow for such a change to LEC tariffs. Accordingly, the members of the Coalition request that the Commission, pursuant to Section 69.4(g) of the Commission's rules, expressly waive Part 69's requirements on an expedited basis and allow them to establish a new rate element for this payphone identification service. There can be no question that establishing such a rate element is in the public interest. The Commission already has determined that LECs should be permitted to charge PSPs for this service, and there is no principled reason why LECs should underwrite the costs of providing such a service to their own and competing PSPs.

Once the above-listed companies have successfully implemented Flex ANI, by far the vast majority of payphones will be transmitting payphone-specific coding digits. Including both the "27" codes and the Flex ANI codes on restricted lines, we estimate that carriers will receive payphone-specific Flex ANI or "27" digits on calls from about 75% of all payphones in the service areas of Coalition members by January 1, 1998, and on about 90% of all payphones in those areas by mid-April.

The following companies -- GTE, SNET, Bell Atlantic (North) and U S WEST -- however, do not believe that they could meet the above deadlines or cost-effectively implement Flex ANI in the long term. Flex ANI software is not even installed in a majority of their switches. (U S WEST, for example, reports that it has implemented Flex ANI software in fewer than half a dozen of its 1500 switches.) Moreover, each of these companies also faces individual implementation hurdles, such as non-equal access switches (which would have to be replaced), older and rural

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bearing the additional digits. Obviously, such a situation -- which could prevent not only payphone calls but wireless and other specially-identified calls from being completed -- would not only inconvenience consumers and carriers, but be contrary to TOCSIA's goal of ensuring consumers access to their chosen carrier (by access code or otherwise) for each and every call.

switches, switches that are spread out over a wide geographic area, and extensive use of Bell I signaling.[3]

As a result, none of them can meet the implementation schedule set out above, and none believe that Flex ANI is a cost-effective solution for payphone identification in the long term. Accordingly, these companies (all of whom elected OLNS to meet their obligations under CC Docket No. 91-35) are willing to provide free access to OLNS service to IXCs for per-call compensation purposes until such time as the Commission finishes addressing this issue. Because each of these companies will be offering OLNS by October 7, 1997,[4] those carriers that truly wish to identify which "07" coded calls are payphones (other than through the use of LEC ANI lists) will have a LEC-provided mechanism with which to do so from the outset.[5] To implement this solution, LECs employing OLNS, like those offering Flex ANI, need the benefit of a Part 69 waiver so that they can establish the necessary rate elements to recover the costs of providing this service.

The Coalition believes that, in light of these time commitments and the good faith efforts of the LECs to meet the requirements of paragraph 64, all PSPs (LEC and non-LEC) should be eligible for per-call compensation for all of their payphones, whether they use COCOT or coin lines. Carriers, as we repeatedly have explained, are entirely capable of paying per-call compensation without additional ANI ii coding digits; indeed, many, like LECs, plan to do so already. Moreover, depriving LEC PSPs of per-call compensation in whole or in part would be highly inequitable and contrary to the statute. Until mid-August, AT&T was arguing in no uncertain terms that it could not accept Flex ANI digits at all, and MCI's position was that it would accept

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[3]See generally Letter from Keith Townsend, USTA, to Michael Carowitz, FCC, July 28, 1997, at 5 (discussing costs); Letter from Michael Kellogg, Kellogg, Huber, et al., to Richard Rubin, AT&T, September 22, 1997, at 5-6 (discussing costs and implementation issues).

[4]The one exception is SNET, which has been granted a waiver of the requirements of CC Docket No. 91-35 until December of 1997.

[5]To ensure that the network can meet anticipated demand, LECs have asked carriers for a demand forecast. AT&T has declined to provide one. See Letter from Robert Rubin to Michael Kellogg, September 29, 1997, at 4.

OLNS access for free.[6] It was therefore not until just over a month ago that LECs could even begin considering the use of Flex ANI to meet AT&T's and MCI's demands. Two months is simply too little time to implement Flex ANI ubiquitously through over 20,000 switches, even if Flex ANI were an appropriate solution nationwide (which it is not). And denying LECs per-call compensation would be both arbitrary and contrary to the requirements of 47 U.S.C. § 276.[7] Section 276 requires fair compensation for each and every call, not just calls originated by certain companies using certain types of lines.

In summary, the Coalition requests the Commission issue either an interim clarification or waiver of paragraph 64's requirements (1) making PSPs eligible for per-call compensation based on the provision of Flex ANI and OLNS payphone identification (as described above) until the Commission issues an order resolving the issue in the long term, and (2) an order waiving Part 69 so that LECs could establish an appropriate rate element to recover the costs of providing payphone identification digits (whether through Flex ANI or OLNS). We believe that this proposal is both workable and fair. It will give interexchange carriers expedited access to payphone-specific Flex ANI digits where it is feasible to do so -- covering about 90 percent of all payphone lines in Coalition service areas -- and do so on an expedited schedule. It will ensure that interexchange carriers can obtain payphone-identification information through OLNS on the remaining lines from the beginning of the per-call compensation period. It will allow a smooth transition to per-call compensation (while permitting the Commission to consider the best way to effectuate the requirements of paragraph 64 in

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[6] Compare Letter from E. Estey to Regina Keeney, May 23, 1997, at 3 ("AT&T's central office switches cannot currently support FLEX ANI, and it would take more than a year to develop that capability") with Response of AT&T and MCI to LEC ANI Coalition Ex Parte, August 13, 1997, at 4 n.4 ("AT&T has been able to overcome the previously identified technical problems associated with the receipt of Flex ANI codes").

[7] Requiring per-call compensation on LEC payphone calls originating on coin lines (which provide the ANI ii digit of "27") but not those originating on COCOT lines (which currently provide the "07" digit) would arbitrarily single out certain LEC PSPs for severe financial hardship. The decision by some LEC PSPs to rely on COCOT rather than coin lines -- and some rely heavily on COCOT lines -- bears no relationship whatsoever to any conceivable measure of blameworthiness, good-faith, or even progress toward resolution of this issue.

the long term). And it will ensure the payment of the fair compensation that Section 276 requires.

Because October 7, 1997 is rapidly approaching, we ask for prompt action on this request.

Sincerely,

Michael Kellogg

Michael K. Kellogg